

Asset Management Strategy Update

Summary

1. This report sets out a refined set of drivers to update the existing Asset Management Strategy, identifies mechanisms for delivering the strategy and sets out a proposed delivery plan for 2012-13.

Background

2. In 2011 Cabinet agreed a 5 year Asset Management Strategy that set out how the Council would use its assets to
 - Make best use of publicly owned assets across York
 - Encourage shared use of property resources
 - Minimise the cost of occupation of land and buildings
 - Ensure the assets comply with sustainability policies
3. Since that strategy was set there have been significant shifts in government policy and finance that now mean we need to refocus these core priorities, and review all our assets to ensure that they meet developing needs within the city.
4. As a result of significant reductions in public sector funding over the last 2 years and in anticipation of further cuts in local government finance, there is an indisputable need to reduce the cost of our assets, to rationalise the number of assets we hold and to share assets with other public sector bodies. Proactive management of our assets will ensure we deliver best value from all our assets – for example we need to review our commercial portfolio to identify opportunities for a more commercial approach to generate income and review opportunities where we may need to invest to save,
5. The Localism Act 2011 provides for a community right to bid for all assets should they be sold. This requires every local authority to compile a list of public assets in which the community may have an interest and to ensure that they have adequate opportunity to bid to buy these assets. This comes in addition to the existing council policy on Community Asset

transfers which has led to the hand over of community buildings to community groups to run, such as Clements Hall.

6. The recession and the crisis in the banking industry have had a severe effect on the house building industry, as a consequence of which housing supply across the country is not keeping pace with housing demand. The adequacy of our housing supply is a prerequisite to having a buoyant economy and strong and safe communities. It therefore has become even more essential to use our own land and property assets to get York building.

Asset Review

7. Given these significant drivers it is proposed that CYC undertake a comprehensive review of all its assets and develops a 10 year long term plan for the delivery of efficiencies and for planned investment in retained assets. This would ensure our resources are prioritised. This would involve the centralisation of all existing repairs and maintenance budgets to ensure resources are allocated to priorities/greatest need. We would also need to consider ongoing capital investment built into an annual programme of capital investment in line with the capital Programme.
8. It is proposed that the council adopts the following principles to evaluate all its land and property assets. We should evaluate all our assets and identify opportunities to :-
 - Reduce revenue costs, increase revenue income and generate capital – rationalise, share or reduce assets
 - Support economic development - use our assets to host new jobs in the city and encourage business start ups
 - Create new homes – Get York Building
 - Create community value - asset transfers or capacity building in the community sector
9. The review will consider all council assets including the commercial portfolio, all service specific properties, all HRA assets and all schools assets where there is potential for a broader community use. We will also collaborate with partners to assess rationalisation and sharing of assets or how their assets may contribute to the 4 principles set out above. The increased breadth of the review will enable us to identify more comprehensive and innovative opportunities and alternatives
10. We are developing a comprehensive asset information database covering all our assets and those of our partners. This enables us to spatially map assets in each area, to cross refer these to the needs of the communities they serve, identify rationalisation opportunities and understand the future costs of retained assets. We are developing

individual scorecards for each property that bring together headline data to feed the review process.

11. The newly constituted Capital Asset Board is reviewing all assets to ensure all ideas are explored and collaborative solutions brought forward. This is supplemented by a city wide board of asset managers from our major public and voluntary sector partners who are sharing future asset requirements and are interested in participating in a full scale asset review.
12. The first stage of the Asset review will be the delivery of an initial Year 1 programme based on the application of the review principles emerging opportunities and current priority sites. It will include the following projects.

Delivery Projects		
West Offices and Hazel Court	Complete the refurbishment and build of both admin accommodation sites to rationalise down from 17 offices to just 2. This work will integrate with efficiency projects to rationalise core functions, consolidate budgets and deliver revenue savings	By March 2013
Admin Accom exit strategy	Complete work to exit leased properties and sell Ashbank, Hollycroft and St Anthony's house and release revenue savings and a capital receipt	By September 2013 for leased properties
Hungate	Complete the sale of the Hungate site to create 400-600 jobs in the city	By April 2013
Elderly Peoples Homes re-provision	Support the project to move from 9 unsuitable EPHs to provide modern purpose built residential facilities to support older people and ensure maximum benefit is achieved for all vacated sites	2012-2015
Digital Media Culture Centre	Identify and secure a suitable city centre location for the establishment of the DMCC	November – March 2013
Yearsley Bridge	Complete the sale of Yearsley Bridge site for housing	December 2012
Regeneration Projects		
Castle Piccadilly	Work with City and Environment Services to develop proposals to bring forward a regeneration scheme for the Castle	Spring 2013

	Piccadilly area	
York Central	Work with City and Environment Services to develop proposals to bring forward a regeneration scheme for York Central	Summer 2013
Reviews		
Identification of Housing site	Evaluate our land and property to see if it can be used to increase housing stock within the city	Ongoing
Alternative use of the Guildhall	Evaluate the outcomes of the RIBA design completion and explore opportunities to bring important strategic and historic site to life and make it part of the vibrant heart of the city centre.	December 2012 – March 2013
Rejuvenating the rivers	Identify proposals to bring the two rivers into greater use at the heart of our city	Spring – summer 2013
Asset implications of service reviews	Assess and implement the asset impacts of proposals to reshape services e.g. developing Nursery Drive as a site for supervised access for looked after children, consider the implications of Libraries mutualisation.	Ongoing
Former Manor School site	Explore potential future uses for the former school site that enable master planning of the larger neighbouring British Sugar site and get York building in the near future.	Nov 2012- March 2013
Burnholme School Site	Identification of potential future uses for the school site when the school closes in 2014. This will involve a review of community provision in the area, consultation with current and potential future users of the site, options definition followed by a broader community consultation on potential options.	By Spring 2013

Delivery Mechanisms

- This is a very large programme of work. The small Asset Management team (11FTEs) are currently fully deployed managing the existing portfolio and it will be challenging to accommodate so many large projects and progress with the fundamental Asset Review work. However it is essential that we prioritise these projects as they are both essential to future efficiency and cost reduction and make a major contribution to the delivery of the Council Plan priorities. The Asset Review covers every piece of land and every property we own - this is a huge scope and

it is important we focus upon the above priorities with a view to ensuring delivery.

14. Given the limited internal capacity it will be necessary to engage with an external partner to assist in the delivery of this programme, to bring in commercial expertise and increase capacity, with a view to ensuring we realise maximum potential benefit and deliver savings that will be required as part of the budget strategy. A Delivery and Innovation Fund (DIF) bid will be developed with a view to taking this forward.

Consultation

15. The Capital Asset Board and the City Asset Management Board have both been consulted on the proposed principles and year 1 action plan. Further consultation will need to be undertaken on any specific options and developments.

Council Plan

16. The principles which are proposed in this report are derived from the Council plan and will help deliver the Council's priority to create jobs and grow the economy, to build strong communities, to protect vulnerable people, to protect the environment and build our core capabilities to collaborate with partners and focus on priorities.

Financial Implications

17. There are no specific financial implications of adopting this strategy. The financial implications of individual proposals will be assessed on a case by case basis. The potential need for further investment will be considered as part of the capital programme.

Other implications

18.
 - a. Human Resources (HR) – none
 - b. Equalities –None
 - c. Legal – Timely and appropriate advice and support will be needed to ensure the proposed programme is delivered
 - d. Crime and Disorder - None
 - e. Information Technology None
 - f. Property – Contained within the report

Risk Management

19. The Review of assets set out in this report will serve to mitigate some of the significant risks that the council faces due to the growing repairs and maintenance backlog of its existing asset base. At a time of severely limited funding, prioritising which assets to retain and invest in and which assets to divest of is a good way of managing the long term financial and health and safety issues posed by elements of our asset base.

Recommendations

20. Cabinet are asked to :-

- a) agree the principles set out in this report which will drive a comprehensive review of all CYC assets
- b) agree the Year 1 work plan as set out in Para 13
- c) note the prospective development of a DIF bid to support a comprehensive Asset Review as an invest to save initiative

Reason: To ensure that CYC assets deliver business priorities and value for money through maximising opportunities to generate income and reduce revenue costs

Contact Details

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Wards Affected: List wards or tick box to indicate all			All <input checked="" type="checkbox"/>
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Annexes - None